

June 28, 2012 - Topic: Health Care Reform

U.S. Supreme Court Upholds Federal Health Reform Law

On Thursday, the U.S. Supreme Court in a 5-4 ruling upheld the federal health reform law's individual mandate, reaffirming the law's requirement that most U.S. residents must purchase health insurance, the [Washington Post](#) reports (Barnes/Aizenman, *Washington Post*, 6/28).

Details of Majority Opinion

Chief Justice John Roberts authored the majority opinion, which garnered the support of the high court's four liberal justices (Haberkorn, [Politico](#), 6/28).

Roberts noted that the "[reform law]'s requirement that certain individuals pay a financial penalty for not obtaining health insurance may reasonably be characterized as a tax" and is therefore constitutional. He wrote, "Because the Constitution permits such a tax, it is not our role to forbid it, or to pass upon its wisdom or fairness" (Stempel/Vicini, [Reuters](#), 6/28). "Simply put, Congress may tax and spend," while the "federal government may enact a tax on an activity that it cannot authorize, forbid or otherwise control," Roberts wrote (*Politico*, 6/28).

The majority also affirmed the constitutionality of the Medicaid expansion provision in the law, which would require states to extend coverage to adults with incomes up to 133% of the federal poverty level beginning in 2014. However, the justices struck down the provision that would have allowed the federal government to withhold existing Medicaid funding if the states failed to comply with the expansion (*Washington Post*, 6/28). Roberts wrote, "The states are given no choice in this case. They must either accept a basic change in the nature of Medicaid or risk losing all Medicaid funding" (Savage, [Los Angeles Times](#), 6/28).

He added, "The court today limits the financial pressure the secretary may apply to induce states to accept the terms of the Medicaid expansion," stating that "[a]s a practical matter, that means states may now choose to reject the expansion; that is the whole point. But that does not mean all or even any will" (*Politico*, 6/28).

Kennedy Joins in Dissenting Opinion

In the dissenting opinion, Justices Anthony Kennedy, Antonin Scalia, Clarence Thomas and Samuel Alito said the entire reform law should have been struck down.

Kennedy wrote in the dissent that the law "exceeds federal power both in mandating the purchase of health insurance and in denying nonconsenting states all Medicaid funding" (Sherman, [AP/San Francisco Chronicle](#), 6/28).

Kennedy added, "These parts of the Act are central to its design and operation, and all the Act's other provisions would not have been enacted without them. In our view it must follow that the entire statute is inoperative" (SCOTUSblog, 6/28).

California Poised To Gain From Reform Law

California stands to be one of the biggest recipients of federal funding from the reform law because of its large number of uninsured residents. The state has 7 million uninsured residents, making up nearly 20% of its population.

Under the reform law, California could receive as much as \$9 billion annually to expand Medi-Cal, the state's Medicaid program. According to calculations from the Urban Institute, the state could receive an additional \$6 billion annually for low- and middle-income residents who buy subsidized insurance through the state health insurance exchange.

In addition, California physicians could receive an additional \$700 million annually in increased reimbursements under the law for treating patients who obtain coverage under the Medi-Cal expansion ([California Healthline](#), 6/22).

California's Implementation of the Health Reform Law

Since President Obama signed the reform law two years ago, California lawmakers have passed several state laws related to the overhaul, including measures that:

- Allow young adults to remain on their parents' health insurance plans until age 26;
- Block insurers from setting lifetime caps on health benefits;
- Establish a state health insurance exchange; and
- Prohibit insurers from denying health coverage to children with pre-existing conditions.

The state Legislature is debating additional measures related to the federal reform law, including a proposal that would prohibit insurers from denying health coverage to individuals of any age with pre-existing conditions ([California Healthline](#), 6/18).

Californians React to Ruling

Following the Supreme Court ruling, House Minority Leader Nancy Pelosi (D-Calif.) [in a statement](#) said, "This decision is a victory for the American people. With this ruling, Americans will benefit from critical patient protections, lower costs for the middle class, more coverage for families, and greater accountability for the insurance industry" (Hughes/Boles, "[Washington Wire](#)," *Wall Street Journal*, 6/28).

Sen. Barbara Boxer (D-Calif.) said, "The decision is great news for the millions of Californians who have already seen the benefits of this law -- including the six million who now have access to free preventive health services, 355,000 young adults who now have coverage on their parents' health plans and 320,000 seniors who have received help in paying for their prescription drugs" (Severson, [KMIR](#), 6/28).

California Sen. Ed Hernandez (D-West Covina) in a statement said, "Here in California, we have moved quickly to implement many of the important reforms and consumer protections allowed under the ACA, including measures that require health plans to cover children, prohibit insurers from cancelling policies when the policyholder gets sick and allowing dependents to remain on their parent's coverage until age 26." He added, "While much progress has been made there is still so much left to achieve before 2014." (Hernandez release, 6/28).

Anthony Wright, executive director of the advocacy group Health Access California, said the Supreme Court decision "is a victory for consumers, and for California." He added, "This decision means there should be no more excuses or delays by detractors -- we need to go full speed ahead to ensure that millions of Californians enjoy these new options and consumer protections" under the reform law ([Health Access release](#), 6/28).

Daniel Zingale, senior vice president of the California Endowment, said, "For our state, today's decision is both a fiscal blessing and a clear signal that there should be no more excuses." He added, "Covering the uninsured currently costs our state nearly \$10 billion per year, and we need to continue to move full speed ahead to ensure that millions of Californians take advantage of the new options and consumer protections provided by the law" ([California Endowment release](#), 6/28).

Rep. Darrell Issa (R-Calif.) said, "Despite being viewed as constitutional by a narrow majority, this law will do great harm to our country by imposing new taxes, burying job creators in new red tape and saddling future generations with debt they can't afford" (Van Oot, "[Capitol Alert](#)," *Sacramento Bee*, 6/28).

Republicans' Plans

[In a memo to the House GOP caucus](#) last week, House Speaker John Boehner (R-Ohio) outlined a post-ruling strategy for the party that would emphasize the rising cost of health insurance and argue that the overhaul has worsened the economy and increased health care costs (Helderman, "[2chambers](#)," *Washington Post*, 6/21).

He noted that the GOP will hold a vote to repeal any provisions of the reform law that the Supreme Court maintains, adding that the party will take a "step-by-step" approach to implementing new reforms (Viebeck, "[Healthwatch](#)," *The Hill*, 6/21).

Read more: <http://www.californiahealthline.org/articles/2012/6/28/us-supreme-court-upholds-federal-health-reform-law.aspx?p=1#ixzz1z70G6gHA>